



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

April 28, 2010

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

To: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

QUARTERLY REPORT ON COMMUNITY REDEVELOPMENT AGENCY (CRA) ACTIVITY (FIRST QUARTER 2010)

In response to the increased level of CRA activity in the County and the Chief Executive Office's (CEO) augmented role in analyzing and scrutinizing these activities, we provided your Board with an initial "Quarterly Report on CRA Issues" on October 12, 2000. Attached is the latest Quarterly Report covering activities during the first quarter of the calendar year. As we indicated in our initial report to your Board, and consistent with the Board-approved policies and procedures, the CEO works closely with the Auditor-Controller, County Counsel, and appropriate Board offices in: analyzing and negotiating proposals by redevelopment agencies to amend existing redevelopment agreements; reviewing proposed new projects for compliance with redevelopment law, particularly blight findings and determining appropriate County response; and ensuring appropriate administration of agreements and projects.

The attached report reflects a summary of the following activities during the quarter:

- Notifications provided to the Board regarding new projects;
- Board letters/actions; and
- Major ongoing issues and other matters, including litigation.

If you have any questions or need further information, please contact me, or your staff may contact Dorothea Park at (213) 974-4283, or via email at dpark@ceo.lacounty.gov.

WTF:LS
DSP:RTM:os

Attachment

c: Auditor-Controller
County Counsel

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"To Enrich Lives Through Effective And Caring Service"

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COMMUNITY REDEVELOPMENT AGENCY (CRA) ISSUES
Quarterly Report – First Quarter 2010

New CRA Projects - Routine Notifications/Reports Provided to Board

CRA Projects	District	Type of Notification	Date
None			

Board Letters/Actions During Quarter

CRA Projects	District	Action	Date of Board Action
None			

Major Ongoing or Emergent CRA Issues

Carson (Second District)

Issue: The City is proposing to merge existing project areas.

Status: CEO staff and County Counsel will analyze the proposal to ensure it is consistent with Community Redevelopment Law.

Commerce (First District)

Issue: The City is proposing an increase to the lifetime dollar cap of Project Area No. 1.

Status: The CEO informally expressed concerns to the City that there is little evidence of significant remaining blight, or nexus between the requested cap increase and the projects proposed to eliminate the remaining blight. County staff has requested additional information in order to fully analyze the City's proposal.

Compton (Second District)

Issue: The City is proposing to add new areas to an existing project area.

Status: CEO staff took a tour of the proposed areas and will work with the City to ensure compliance with Community Redevelopment Law.

Lancaster (Fifth District)

Issue: The City submitted a proposal to make an adjustment to the terms of an existing project.

Status: CEO and County Counsel staffs met with the City, and are continuing to work with the City's consultant in order to analyze the City's proposal.

Los Angeles (Second District)

Issue: The City is seeking County assistance to redevelop the Crenshaw project area, and merge a number of existing project areas.

Status: CEO staff informed the City that any contribution of County tax share will be in the form of a loan, which will require repayment in the out years. Also, the County's real estate consultant will be required to review the developer's specific plans. CEO staff will work with CRA/LA staff on this proposal.

Los Angeles (First and Second Districts)

Issue: The City is seeking to add new areas to the Council District No. 9 Redevelopment Project Area.

Status: CEO staff and County Counsel will analyze the proposal to ensure it is consistent with Community Redevelopment Law, especially regarding the blight requirements.

San Fernando (Third District)

Issue: The City is proposing to merge existing project areas, and amend various project limits.

Status: CEO staff and County Counsel will analyze the proposal to ensure it is consistent with Community Redevelopment Law.

South El Monte (First District)

Issue: The City recently proposed changes to its Redevelopment Project in order to allow for the development of a retail project. The proposed changes include adjustments to the County pass-through share of new tax increment in order to fund infrastructure improvements.

Status: The CEO informed the City that any recommendation to the Board regarding a contribution of County tax share would be in the form of a loan, which would require repayment in the out years. Also, the County's real estate consultant will be required to review the developer's plans.

Temple City (Fifth District)

Issue: The City is proposing to add new areas to an existing project area.

Status: CEO staff took a tour of the proposed areas and will work with the City to ensure compliance with Community Redevelopment Law.

Litigation

Santa Fe Springs (First District)

Issue: The City added new areas to two existing redevelopment projects.

Status: The CEO, in conjunction with County Counsel and an independent redevelopment consultant, concluded that the City's additions were not consistent with Community Redevelopment Law due to inadequate findings of blight. Your Board approved the authority to legally challenge the additions, and two suits were filed on October 6, 2009. The City wants to settle both suits and has offered to reduce their original project areas by approximately 80 percent. The remaining areas are generally within the legal definition of blight. The proposal was approved by the Board of Supervisors on April 13, 2010.

Glendora (Fifth District)

Issue: The City adopted Project No. 5 on July 18, 2006. The Project would merge three of the City's existing redevelopment areas; increase the tax increment cap on one of the existing projects; establish a new redevelopment project; and reestablish the authority to use eminent domain in the existing project areas.

Status: The County filed a lawsuit objecting to the Project, and the Trial Court ruled in favor of the County. A State budget trailer bill included a provision that would nullify the most financially significant aspect of the decision by guaranteeing Glendora's Project No. 3 a minimum of \$2.6 million annually. The County petitioned the Court of Appeal to rule on the legality of this maneuver, and continues to await its decision. On March 30, 2010, the Court of Appeal heard oral argument. The tenor of the argument and an earlier letter soliciting additional briefing suggests that the court is unlikely to decide the legality of the Project No. 3 legislation.

County of Los Angeles v. State of California

Issue: On July 28, 2009 Assembly Bill 26 4x (AB 26) was signed into law. It requires that redevelopment agencies across the State remit \$1.7 billion to the State in Fiscal Year 2009-10 and \$350 million in Fiscal Year 2010-11, which the State will use to help balance its budget. In return, each redevelopment agency can extend by one year the period of time for receiving tax increment that would otherwise revert to the local taxing entities.

Status: Your Board authorized a challenge to AB 26, as it would have a significant fiscal impact on the County. The California Redevelopment Association is also separately challenging the State. County Counsel believes the bill is unlawful, as the California Constitution limits the diversion of tax increment to the purposes of redevelopment. In addition, AB 26 violates Prop 1A, as it represents a reduction of the share of countywide property tax revenues allocated to local agencies. County Counsel recently submitted a Verification of Plaintiffs' Petition for Writ of Mandate. The case is fully briefed, including a request for preliminary injunction, and the parties expect the court's decision to issue within the next two weeks.

Overall CRA Statistics

Active CRA Projects	315
Pending CRA Projects	12